

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

PRS-01 OMB-01 OIC-04 AF-10 ARA-11 EA-11 NEA-10 /211 R

DRAFTED BY EB/ TA: JPCRAWFORD: MAM

4/12/73 X21719

APPROVED BY EB/ TA: JWHOLMES

STR: BSTEINBOCK

TREASURY: PSUCHMAN

EUR/ NE: CFLOYD (SUBS)

ARA/ ECP: JLANDBERG (SUBS)

EUR/ RPE: AALBRECHT (SUBS)

AGRICULTURE: BSHARKEY (SUBS)

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O R 122344 Z APR 73

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO AMEMBASSY LONDON

USMISSION EC BRUSSELS

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E. O. 11652: N/ A

TAGS: ETRD, GATT, US, UK

SUBJECT: UK DOLLAR AREA QUOTAS

REF: GENEVA 1685

1. MISSION MAY INFORM GATT PANEL THAT US COULD BE VERY
INTERESTED IN INFORMAL PANEL PROPOSAL, DEPENDING ON ITS
FINAL DETAILS. FOLLOWING POINTS OF UNDERSTANDING OR
CLARIFICATION MAY BE MADE AT DISCRETION OF MISSION.

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2. AS WE UNDERSTAND IT NOW, DOLLAR AREA QUOTAS WILL BE ABOLISHED ON PRODUCTS OF INTEREST TO US, THUS PERMITTING US TO COMPETE ON EQUAL BASIS WITH PRINCIPAL SUPPLIERS, BUT THAT CURRENT LEVELS OF CARIBBEAN TRADE WITH UK WOULD BE PROTECTED BY TARIFF QUOTAS. US REALIZES THAT ON CIGARS AND RUM, MARGINS OF TARIFF PREFERENCES TO COMMONWEALTH CARIBBEAN COULD INCREASE SUBSTANTIALLY, IF UK WERE PREPARED TO LOWER REVENUE DUTIES FOR COMMONWEALTH CARIBBEAN EXPORTS, BUT ASSUMES THAT OVER QUOTA SHIPMENTS WOULD BE SUBJECT TO MFN RATES. US NOTES THAT CARIBBEAN EXPORTS OF CIGARS ARE SMALL, BUT THAT TARIFF QUOTA WOULD PROTECT THAT LEVEL WHILE PERMITTING US BY ELIMINATION OF DOLLAR AREA QUOTA TO COMPETE WITH NETHERLANDS. WE NOTE THAT CARIBBEAN RUM DOMINATES UK MARKET, BUT THAT TARIFF QUOTA RATHER THAN DOLLAR AREA QUOTA WOULD PERMIT US TO SUPPLY ITS WHITE RUM WITHOUT HARMING CARIBBEAN DARK RUM EXPORTS.

3. WITH RESPECT TO FRESH GRAPEFRUIT, US NOTES THAT COMMONWEALTH PREFERENCE RATE IS ALREADY FREE, AND ASSUMES THAT MFN RATE WOULD NOT BE RAISED. WE ASSUME THAT OVER QUOTA SHIPMENTS WILL BE SUBJECT TO MFN RATE. REGARDING SINGLE-STRENGTH ORANGE AND GRAPEFRUIT JUICES, WE NOTE THAT UK HAS BOUND RATE DUTY-FREE TO US AND ASSUME THIS BINDING WOULD BE RESPECTED, SO THAT IN EFFECT THERE WOULD BE NO TARIFF QUOTA.

4. WE WOULD LIKE CLARIFICATION FROM PANEL THAT FOREGOING IS WHAT IS INTENDED BEFORE WE COMMENT ON POSSIBILITY OF GATT WAIVER. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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